
NCDEX Limited (Formerly Known as National Commodity & Derivatives Exchange Limited)

Circular to all trading and clearing members of the Exchange

Circular No. : NCDEX/MEMBER INSPECTION-030/2026

Date : October 22, 2026

Subject : Submission of Internal Audit Report for the half year ended on September 30, 2026

This is in continuation to Exchange Circular No. NCDEX/COMPLIANCE-016/2016/239 dated September 27, 2016 on Enhanced Supervision of Stock Brokers/Depository Participants and Circular No. NCDEX/COMPLIANCE-038/2021 dated August 09, 2021 on Uniform Formats for Internal Audit Report and Risk Based Supervision (RBS) across Exchanges.

All Trading Members of the Exchange are required to carry out complete Internal Audit for the half year ended for the period April 01, 2026, to September 30, 2026 and submit the report electronically through the NOSS Portal <https://noss.ncdex.com/exchange>. The Internal Audit Report shall be certified only by an Exchange-empanelled auditor and conducted by an independent qualified Chartered Accountant, Company Secretary, or Cost and Management Accountant in practice, having no conflict of interest and against whom no regulatory action has been taken, in accordance with the eligibility criteria prescribed under Exchange Circular Nos. NCDEX/COMPLIANCE-103/2023 dated October 06, 2023 and NCDEX/COMPLIANCE-023/2024 dated March 26, 2024.

The online portal for submission of Internal Audit reports can be accessed by Members and Auditors from the link below: Portal Link: <https://noss.ncdex.com>. Members are required to close all non-compliances reported in the Internal Audit Report within 2 months from the due date of submission of Internal Audit Report i.e. latest by January 31, 2027. The penalties/disciplinary actions for non-compliances reported in the Internal Audit Report which are not closed within 2 months, or where the Internal Audit Report / Action Taken Report is not submitted within the due date, shall be applicable as per Exchange Circular Ref. No. NCDEX/MEMBER INSPECTION-009/2026 dated April 17, 2026.

The Internal Auditor shall immediately report critical non-compliances, including unrecovered shortfalls in client funds/net worth and offering fixed, assured or periodic returns to clients or mobilizing deposits from investors, to iar_submission@ncdex.com. Where such critical non-compliances are reported in the Internal Audit Report, immediate action shall be initiated in accordance with the applicable Exchange Circulars without waiting for submission of the Action Taken Report (ATR). The Exchange may initiate appropriate remedial, penal, or disciplinary action

against Members where deficiencies, non-compliances, violations, delays in submission, or non-submission of Audit Reports/ATRs are observed.

The Internal Audit Certificate shall mandatorily contain Unique Document Identification Number (UDIN) on the Internal Audit Certificate Annexure I. The quality of Internal Audit Reports received from Members shall be monitored by the Exchange and appropriate action shall be taken if the reports do not meet the minimum expected quality levels. In case where the IAR submitted is incomplete or not as per the prescribed guidelines, such as sample size/information not being provided for any area in Annexure - II, submission of only the Audit Report without supporting details, absence of management comments, or any other prescribed requirement, the same shall be treated as non-submission of the IAR. Members are strictly advised to submit the IAR in the format prescribed by the Exchange.

The Internal Auditor shall electronically submit the Audit Report to the Member, who shall place the report before its Board of Directors/Proprietor/Partners and forward the same to the Exchange through **the NOSS Portal on or before November 30, 2026**, along with para-wise management comments and an undertaking in Annexure VI confirming that penalties levied by Clearing Corporations on account of short/non-collection of upfront margins from clients have not been passed on to clients under any circumstances, in accordance with Exchange Circular No. NCDEX/COMPLIANCE-40/2022 dated June 24, 2022. The undertaking submitted by the Member shall be digitally signed by the Proprietor or Partner, Compliance Officer or the Designated Director or any authorised signatory of the Company. Accordingly, the facility to submit the same has been provided under “Internal Audit Tab – Auditor Details”.

Kindly refer process manual available in the Downloads section on the Exchange website: https://ncdex.com/quick_links/download as “User Manual – Internal Audit Submission”.

The Internal Auditor shall report directly to the Exchange by sending an email to - iar_submission@ncdex.com in the event of non-cooperation by the Member or resignation from the Internal Audit assignment, along with the reasons for such resignation, wherever applicable.

Members may kindly note that review or appeal requests with respect to the actions initiated by the Exchange shall not be considered if received beyond a period of 45 days from the date of such action letter.

Members are advised to adhere to the norms prescribed under Clause 4.2 of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 with respect to Appointment and Rotation of Internal Auditors. Accordingly, Members shall not appoint or re-appoint the Internal

Auditor who has completed its term as specified under Clause 4.2.1.2(a) and 4.2.1.2(b) of the aforesaid Circular.

Members are required to submit Annexure I, II, IV, VI, VII (Applicable for QSBs) and IX (if applicable) to the Exchange at: <https://noss.ncdex.com/exchange>.

The following annexures for the internal audit report for the half year ended September 30, 2026 are available in the downloads section on the Exchange website. https://ncdex.com/quick_links/download as “Internal Audit report and associated Annexure for the half year ended September 30, 2026”.

- Internal Audit Certificate – Annexure I (To be submitted in PDF format with Digital signature & UDIN)
- Format of Internal Audit Report – Annexure II (This is available in NOSS portal)
- Guidelines on sample selection and other points to be noted – Annexure III
- Guidelines on sample selection where material non-compliances are observed in the action letters issued for inspections – Annexure IIIA
- Actual Sample selected by Auditor – Annexure IV A to AA (Excel File)
- List of Indicative Processes & reference of Exchange & SEBI Circulars – Annexure V
- Undertaking on Margin collection & reporting - Annexure VI
- Format for Internal Audit Report for Enhanced Obligations and Responsibilities on Qualified Stock Brokers (QSBs) – Applicable only for QSB Members - Annexure VII
- Relevant abstract of SEBI circular nos. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, CIR/HO/MIRSD/MIRSD2/CIR/PB/2017/107 dated September 25, 2017 – Annexure VIII
- Corrective measures related certificate, if applicable – Annexure IX

Further, Internal Auditors are advised to take note of the below points while carrying out the Internal Audit:

1. Auditors are required to mandatorily adhere to the sample selection guidelines prescribed in Annexure III and Annexure IIIA and select samples as per the specified methodology. Auditors should carefully refer to the said annexures before commencing the audit, taking into consideration any changes in the sampling criteria and methodology applicable for the relevant audit period. Details of specific checklist points shall be obtained through the NCDEX NOSS Portal under the TOR tab and, wherever required, additional data may be sourced from the Member and verified during the audit; the actual samples selected, along with the sample size and instances of non-compliance, if any, for each area of verification shall be reported in Annexure IV (A to AA) of the Internal Audit Report and the same has to be attached in TOR section under sampling internal audit tab.

The Auditor shall ensure that the prescribed samples are reviewed and verified as part of the Internal Audit process and that the prescribed sample selection methodology is duly followed.

In cases where the Exchange has issued action letters during the half year period i.e. April 2026 to September 2026 for material non-compliances observed in inspections, the Internal Auditor shall select the samples prescribed in Annexure IIIA for such material non-compliances.

2. The Internal Auditor shall submit the following (either it is integrated in NOSS or it has to be digitally signed and attached in NOSS as applicable):
 - Internal Audit Certificate (Annexure I with sign as applicable and attach in NOSS)
 - Internal Audit Checklist (Annexure II – integrated in NOSS – on screen)
 - Samples Selected (Annexure IV A to AA in excel or PDF with digisign as applicable and attach in NOSS)
 - Annexure VI with applicable signature in PDF and attach in NOSS
 - Annexure VII (applicable for QSBs - integrated in NOSS – on screen)
 - Annexure IX (where applicable and attach in NOSS).

Submission of the Internal Audit Report shall be considered complete only upon submission of the digitally signed soft copies of the applicable annexures to the Exchange and receipt of the acknowledgement email. Reports merely saved or submitted by the Auditor shall not be treated as final submissions. Please note no physical documents are required to be submitted to the Exchange.

3. Internal Auditors are mandatorily required to upload the list of all samples selected and supporting documents using the upload functionality available for each Area of Verification while uploading the Internal Audit Report on the Portal.

For submissions pertaining to Qualified Stock Brokers (QSB), applicable data shall be submitted under QSB details.

4. For each “Not Complied” observation, the Auditor shall mandatorily provide:
 - Appropriate remarks
 - Instance-wise details of non-compliance
 - Relevant supporting documents
 - Number of instances verified
 - Number of instances where non-compliance is observed
 - Percentage of instances where non-compliance is observed

- Amount/value involved where non-compliance is observed- Wherever applicable.
- All audit workings, working papers and records relating to the Audit shall be retained by the Auditors for verification and sharing with the Exchange as and when required.

5. As per Exchange Circular No. NCDEX/COMPLIANCE-035/2025 dated June 27, 2025 regarding "Monitoring Corrective Actions Taken by the Members Pursuant to Inspection by SEBI". Additional submission of "Certificate of Compliance on Corrective Actions Taken by Trading Member (Annexure IX)", is applicable to certain members as mentioned there in Members for whom SEBI has issued "Administrative Warning Letters (AWL)" and who have submitted a "Compliance Status Report" shall be required to submit a "Certificate of Compliance on Corrective Actions Taken" in the format prescribed under Annexure IX. The Member's response to the AWL shall be made available to the Internal Auditor for verification, and where SEBI has prescribed corrective measures through the Exchange, the Internal Auditor shall verify the Compliance Status Report, certify the corrective actions implemented by the Member, verify the veracity of the report, and submit the certificate under Annexure IX through the Auditor Login in under Audit details section.

The Member's response to Administrative Warning Letters and Compliance Status Reports shall also be made available on request through iar_submission@ncdex.com.

Submission of Annexure IX, wherever applicable, shall form part of the Internal Audit Report and be submitted along with the corresponding half-yearly Internal Audit Report. The Internal Audit Report shall be considered complete only after submission of Annexure IX, wherever applicable.

6. With effect from half year ended March 31, 2026, the Internal Auditor shall submit details of:
- Overseas entities and regulatory approvals
 - SEBI penalties/fraud-related non-compliances
 - SEBI inspection observations, if any in the NOSS Portal internal audit– RBS Details Section.

In case of any queries/clarifications, you may reach us on the following contact details.

Purpose	Contact Nos.	Email ID
Submission of internal audit report in the NOSS	1800-103-4861/ 9082573597	auditinspection@ncdex.com iar_submission@ncdex.com

Members are advised to take note of the above and comply.

For and on behalf of
NCDEX Limited

Pranesh Shetty
Senior Vice President – Inspection & Enforcement

For further information/clarifications, please contact

1. Customer Service Group on toll free number: 1800 26 62339
 2. Customer Service Group by e-mail to : askus@ncdex.com
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